

FISCAL NOTE

SB 2544 – HB 3827

March 23, 2006

SUMMARY OF BILL: Adds “computer software” to the definition of intangible personal property as it relates to the classification and assessment of property taxes.

ESTIMATED FISCAL IMPACT:

Decrease Local Govt. Revenues – Exceeds \$10,000,000

Assumptions:

- The definition of computer software includes all types of software, including, but not limited to, operational, embedded, canned, application, customized, bundled and unbundled software.
- Because computers cannot function without operational or embedded software, it is assumed that no computer would be taxable under this bill.
- Based upon a survey of 71 counties in the state, taxes paid on computer equipment represent 4% of the total tangible personal property tax paid by industrial and commercial taxpayers.
- The average tax rate for such equipment is \$3.75 per \$100 of value.
- Total tangible personal property tax receipts were \$296,856,541 in 2004. 4% of this figure is \$11,874,261.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White".

James W. White, Executive Director